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PYRAMID MINING CO. LTD. (n.p.l.)

600 - 890 West Pender Street, Vancouver 1, B.C., Canada

Telephone 682-6861

November 24, 1967

TO: The Shareholders
Pyramid Mining Co. Ltd. (N.P.L.)

We have now received a letter from the Department of National Revenue, Ottawa, Ontario, dated November 24, 1967, the contents of which are as follows:

"Re: Pyramid Mining Co. Ltd. (N.P.L.)"

This is with reference to this Department's position concerning the taxation of the gain realized by the company from the sale of mineral claims to Pine Point Mines Limited in June, 1966.

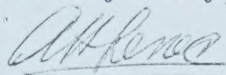
We have given careful consideration to the additional information supplied by the company and to the further representations presented, all of which culminated in our meeting of September 29, 1967. Based upon the foregoing, we have come to the conclusion that the company is not taxable on this transaction and that you may advise your client accordingly.

. Yours very truly,

"D. H. Sheppard"
Deputy Minister".

In view of the decision of the Department of National Revenue respecting non-taxability as aforesaid, a Board of Directors' meeting will be called at the earliest possible date and you will be advised further, within the next two weeks, as to the future plans of the company.

Yours very truly,


A. H. Lenec,
President.



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PYRAMID MINING CO. LTD. (n.p.l.)

600 - 890 West Pender Street, Vancouver 1, B.C., Canada

Telephone 682-6861

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Report to the Shareholders
Pyramid Mining Co. Ltd. (N.P.L.)
Vancouver, B. C.

I am enclosing the audited financial statements of the company covering the period June 15, 1966 to July 31, 1967.

Your company has carried out an active exploration and development programme during the year which is covered in the enclosed report by Henry L. Hill, Managing Director.

Note 1 to the financial statements refers to the tax position of the company. You have been advised by a letter dated November 24, 1967 that the taxability on the gain respecting the sale to Pine Point Mines Limited has been resolved, and accordingly you may ignore the said Note 1.

The notice calling the Annual Meeting of Shareholders is enclosed. If you are unable to attend, please sign and return the instrument of proxy in the envelope provided.

Respectfully submitted,

Vancouver, B.C.
November 29, 1967

A. H. Lenec,
President



PYRAMID MINING CO. LTD. (n.p.l.)

600 - 890 West Pender Street, Vancouver 1, B.C., Canada

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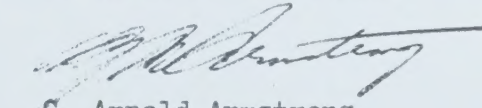
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of PYRAMID MINING CO. LTD. (N.P.L.) (the Company) will be held in the Social Suite of the Hotel Vancouver, 900 West Georgia Street, Vancouver, B. C. on the 15th day of December, 1967 at the hour of eleven o'clock in the forenoon (Vancouver Time) for the following purposes:-

1. To receive and consider the Financial Statements and Auditors' Report of the Company for the year ended July 31st, 1967.
2. To elect Directors.
3. To appoint Auditors and to authorize the Directors to fix their remuneration.
4. To confer a general authority to take or acquire, by purchase or otherwise, any shares in any other corporation, which authority shall expire at the next General Meeting of the Company unless it is continued by ordinary resolution passed thereat.
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

DATED at Vancouver, B. C. this 30th day of November, 1967.

BY ORDER OF THE BOARD,


G. Arnold Armstrong,
Secretary-Treasurer.



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PYRAMID MINING CO. LTD. (n.p.l.)

600 - 890 West Pender Street, Vancouver 1, B.C., Canada

Telephone 682-6861

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by management of PYRAMID MINING CO. LTD. (N.P.L.) (hereinafter called "the Company") for use at the Annual General Meeting of Shareholders of the Company to be held on Friday, the 15th day of December, 1967, in the Social Suite of the Hotel Vancouver, 900 West Georgia Street, Vancouver, B. C., for the purposes set forth in the foregoing Notice of Meeting.

RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited with the Registrar and Transfer Agent of the Company, Guaranty Trust Company of Canada, 624 Howe Street, Vancouver, B. C. not less than 24 hours from the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. The proxies may also be solicited personally by regular employees of the Company at nominal cost.

VOTING SHARES & PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record at the time of the Meeting will be entitled to vote at the Annual Meeting. Each share of the Company carries one vote. The Company has two classes of shares, being 91,049,628 six per cent redeemable preferred shares with a par value of \$.50 per share, none of which have been issued as of the 31st day of October, 1967, and 3,000,000 shares without nominal or par value, of which 2,631,852 shares have been issued as of the 31st day of October, 1967. The attendance in person of three persons holding personally or representing by proxy one-twentieth of the issued shares constitutes a quorum.

To the best of the knowledge of the directors or officers of the Company, the following were, at October 31st, 1967, the only beneficial owners, directly or indirectly, of shares in the Company which carry more than ten per cent of the voting rights attached to all shares of the Company:-

<u>Name of Shareholder</u>	<u>Approx. No. of Shares</u>	<u>Percentage of Outstanding Shares Represented</u>
Melita Investments Ltd.	300,000	11.4%
Conwest Exploration Company Ltd.	276,738	10.5%

ELECTION OF DIRECTORS

There are presently seven (7) directors of the Company. The shareholders at the Annual Meeting will be asked to elect five (5) directors. The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited:- Alexander H. Lenec, Henry L. Hill, G. Arnold Armstrong, William A. Robinson, and Charles R. Elliott.

The term of office for each director is from the date of the meeting at which he is elected until the Annual Meeting next following or until his successor is elected or appointed. All of the foregoing are presently directors of the Company. In the event that prior to the Annual Meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

At present Mr. Alexander H. Lenec is the President, Mr. G. Arnold Armstrong is the Secretary-Treasurer and Mr. Henry L. Hill is the Managing Director.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation</u>	<u>First Became a Director</u>	<u>Shares Beneficially Owned Directly or Indirectly as of October 31st, 1967</u>
Alexander H. Lenec, President and Director of the Company, Vancouver, B. C.	February, 1965	118,000
Henry L. Hill, Engineer and Managing Director of the Company, Vancouver, B.C.	July, 1965	42,725
G. Arnold Armstrong, partner in the law firm of Armstrong, Brawner & Speton, Vancouver, B. C.	July, 1965	89,108
William A. Robinson, President of Newconex Holdings Ltd. Toronto, Ontario	December, 1965	Nil
Charles R. Elliott, President of Conwest Exploration Company Ltd., Toronto, Ontario	December, 1965	Nil

REMUNERATION OF DIRECTORS AND OFFICERS

During the fiscal year ended July 31st, 1967, the aggregate remuneration paid directly or indirectly to the directors and officers was \$33,750.00.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to appoint the firm of Messrs. Hallam & McAlister, Chartered Accountants, Vancouver, B. C. as the Auditors of the Company. The management of the Company is informed that no member of this firm has any interest, financial or otherwise, direct or indirect, in the Company.

OTHER BUSINESS

While there is no other business other than mentioned above to be presented for action by the shareholders at the Annual Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

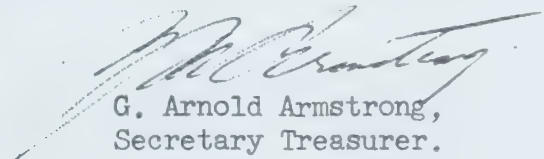
MANNER OF VOTING PROXIES

The shares represented by proxies received by the management will be voted and will be voted in accordance with the statements made above. It is intended that the accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting and completed in the names of the persons therein named, will be voted in favour of approval of the financial statements, in the election of the Board of Directors, in favour of the appointment of Auditors, and to confer a general authority to take or acquire shares in any other corporation, all as set forth above.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING AND, IF USING THE ACCOMPANYING INSTRUMENT, SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR.

DATED at Vancouver, B. C. this 30th day of November, 1967.

BY ORDER OF THE BOARD,


G. Arnold Armstrong,
Secretary Treasurer.

PYRAMID MINING CO. LTD. (N.P.L.)

BALANCE SHEET

AS AT JULY 31, 1967

(WITH COMPARATIVE FIGURES AS AT JUNE 15, 1966)

ASSETS

	<u>July 31,</u> <u>1967</u>	<u>June 15,</u> <u>1966</u>
Cash	\$ 59,393	\$ 74,118
Short term bank deposit receipts	1,183,035	1,500,000
Government of British Columbia Guaranteed Parity Bonds	100,000	
Accounts receivable	63,482	14,925
Common shares of Pine Point Mines Limited 273,214 shares - at approximate market price of \$50 per share	<u>13,660,700</u>	<u>33,163,200</u>
	15,066,610	34,752,243
Common shares of Coronet Mines Ltd. (N.P.L.) 250,000 shares at approximate market price of 90 cents per share (Cost - \$387,500)	225,000	-
Investment in and advances to subsidiary company - Pyramex Developments Ltd. (N.P.L.)	116,444	-
Equipment, building and leasehold improvements - at cost less amounts written off	131,889	100,000
Mining properties - at cost	105,463	83,439
Deferred exploration expenses	<u>225,308</u>	<u>121,456</u>
	<u>\$ 15,870,714</u>	<u>\$ 35,057,138</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

<u>Liabilities</u> (See Note 1)		
Accounts payable and accrued liabilities	\$ 38,441	\$ 120,413
<u>Shareholders' Equity</u>		
<u>Capital Stock</u> (See Note 2)		
Authorized:		
3,000,000 common shares without nominal or par value		
91,049,628 - 6% non-cumulative redeemable preferred shares having a nominal or par value of 50 cents each		
Issued and fully paid:		
2,631,852 common shares	3,638,271	3,638,271
<u>Surplus</u> - per attached statement	<u>12,194,002</u>	<u>31,298,454</u>
	<u>\$ 15,870,714</u>	<u>\$ 35,057,138</u>

APPROVED ON BEHALF OF THE BOARD

Director
Director

This is the balance sheet referred to in our
report of September 22, 1967

Chartered Accountants

The accompanying notes are an integral
part of this Balance Sheet and should
be read in conjunction therewith.

PYRAMID MINING CO. LTD. (N.P.L.)

STATEMENT OF SURPLUS

FOR THE PERIOD JUNE 15, 1966 TO JULY 31, 1967

<u>Balance at June 15, 1966</u>		\$ 31,298,454
Add: Dividends received from Pine Point Mines Limited:		
June 30, 1966 @ \$3.00 per share	\$ 1,579,200	
December 30, 1966 @ \$2.50 per share	683,035	
June 30, 1967 @ \$2.50 per share	<u>683,035</u>	2,945,270
Interest income		50,904
Sale of buildings and adjustment of leasehold improvements		<u>53,952</u>
		34,348,580
Less: Stock dividend of \$5.50 per common share paid August 26, 1966 by the allotment and issue of 28,950,372 fully paid 6% non-cumulative redeemable preferred shares having a par value of 50 cents each	14,475,186	
Cash dividend of 60 cents per share	1,579,111	
Write down in value of 263,186 Pine Point Mines Limited shares distributed to preferred shareholders - from market price per share of \$63.00 at date of acquisition to market price of \$55.00 per share at date of distribution to preferred shareholders	2,105,488	
Write down in value of 263,214 Pine Point Mines Limited shares from market price per share of \$63.00 at date of acquisition to market price of \$50.00 per share on July 31, 1967	3,421,782	
Write down in value of 10,000 Pine Point Mines Limited shares from cost to market price of \$50.00 per share on July 31, 1967	90,512	
Write down in value of 250,000 Coronet Mines Ltd.(N.P.L.) shares from cost to market value of 90 cents per share on July 31, 1967	162,500	
Write off cost of mining property abandoned	3,039	
Expenses arising out of sale of Pine Point property	167,054	
Administrative and general expenses	<u>149,906</u>	<u>22,154,272</u>
<u>Surplus at July 31, 1967 - To Balance Sheet</u>		<u>\$ 12,194,002</u>

NOTE:

The above statement has not been prepared in comparative form as such a statement would not be meaningful in the circumstances.

PYRAMID MINING CO. LTD. (N.P.L.)
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD JUNE 15, 1966 TO JULY 31, 1967

Working Capital at June 15, 1966 \$ 34,631,830

Add Source of Funds

Dividends from Pine Point Mines Limited	2,945,270
Sale of buildings and adjustment of leasehold improvements	53,952
Interest income	<u>50,904</u>
	37,681,956

Less Application of Funds

Purchase of buildings and equipment	\$ 31,889	
Stock dividend of \$5.50 per common share	14,475,186	
Cash dividend of 60 cents per common share	1,579,111	
Write down in value of shares of Pine Point Mines Limited	5,617,782	
Purchase of 250,000 common shares of Coronet Mines Ltd. (N.P.L.)	387,500	
Investment in and advances to Pyramex Developments Ltd. (N.P.L.)	116,444	
Exploration expenses on properties other than Pine Point	128,915	
Administrative and general expenses	149,906	
Expenses arising out of the sale of Pine Point property	<u>167,054</u>	<u>22,653,787</u>

Working Capital at July 31, 1967 \$ 15,028,169

Analysis of Working Capital at July 31, 1967

Current Assets	\$ 15,066,610
Less Current Liabilities	<u>38,441</u>
	<u>\$ 15,028,169</u>

NOTE:

The above statement has not been prepared
in comparative form as such a statement
would not be meaningful in the circumstances.

PYRAMID MINING CO. LTD. (N.P.L.)

NOTES TO THE BALANCE SHEET OF JULY 31, 1967

Note 1: No provision has been made for either corporation income taxes or withholding taxes.

The Department of National Revenue - Taxation Division, have advised the company that they propose to tax the gain on the sale of certain assets to Pine Point Mines Limited. The maximum amount of tax would be approximately \$16,000,000. The company has received written opinions from Counsel that the company is not taxable. If an assessment is made by the Taxation Division, the company intends to dispute and appeal the assessment.

Note 2: Preferred share capital:

28,950,372 redeemable preferred shares were issued on August 26, 1966 as a stock dividend and were subsequently cancelled on the distribution of 263,186 shares of Pine Point Mines Limited to the preferred shareholders.

Note 3: The following legal action has been commenced against the company in the Supreme Court of British Columbia:

Donna M. Bucholtz, Administratrix of the Estate of the late Fred Bucholtz, and John M. Cameron, vs. Cyril C. Keys and Pyramid Mining Co. Ltd. (N.P.L.)

In the opinion of Counsel there is no justification for the claim.

ROBERT J. HALLAM, C.A.
DONALD McALISTER, C.A.

630 NEBBITT THOMSON BUILDING
890 WEST PENDER STREET
VANCOUVER 1, B.C.

AUDITORS' REPORT

We have examined the balance sheet of Pyramid Mining Co. Ltd. (N.P.L.) as at July 31st, 1967 and the statement of surplus and the statement of source and application of funds for the period ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the attached balance sheet and related statement of surplus, when read in conjunction with Note 1, and the related statement of source and application of funds present fairly the financial position of the company as at July 31, 1967 and the results of its operations and the source and application of its funds for the period ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.


Chartered Accountants

Vancouver, B.C.

September 22nd, 1967



PYRAMID MINING CO. LTD. (n.p.l.)

600 - 890 West Pender Street, Vancouver 1, B.C., Canada

Telephone 682-6861

Report to the Shareholders
Pyramid Mining Co. Ltd. (N.P.L.)
Vancouver, B. C.

During the year 128 mining properties were submitted to Pyramid Mining Co. Ltd. of which 36 were examined. The remainder were considered, after research, to be of no immediate interest to the company. The following is a description of the exploration programs completed by our company since our last annual meeting.

CORONET MINES LTD. (N.P.L.)

Coronet Mines Ltd. located, by induced polarization, three anomalies on their holdings in the Pine Point area. Pyramid Mining Co. Ltd. underwrote stock options, the funds to be used for further exploration of this property.

The three anomalies were tested by diamond drilling. A total of 15,093 feet were drilled resulting in the proving of two ore bodies totalling 1,100,000 tons averaging 2.7% lead and 10.4% zinc.

Pyramid Mining Co. Ltd. now holds 250,000 shares of Coronet Mines Ltd.

MERCURY PROSPECT

Pyramid Mining Co. Ltd. optioned a mercury prospect, in the Bridge River area, which had very interesting near surface values. Five drill holes, totalling 538 feet, were completed to test the continuity of the zone. Values were spotty and the option was terminated.

PINE POINT AREA

Pyramid Mining Co. Ltd. completed induced polarization surveys on two groups of claims in the Pine Point area. No anomalies were located.

COPPER PROSPECT

Pyramid Mining Co. Ltd. obtained an option on a copper property in the Zeballos area. Two ore zones totalling 160,000 tons of copper ore had been indicated by previous exploration programs. All possibilities had not been fully tested and a Turam-magnetometer survey of the immediate area was completed. This was followed by a geological-geochemical investigation. In view of the unfavourable results, the option was terminated.

MISCELLANEOUS CLAIMS

Claim groups were staked in the Coquihalla and Quesnel areas on which no work was completed during 1967.

COPPERMINE AREA

Pyramid Mining Co. Ltd. acquired an option on 100 claims in the Coppermine area. These claims were prospected in July and further exploration is warranted. Later in the summer Pyramid Mining Co. Ltd. participated in the optioning of several other groups of claims in this area. Several of the known copper showings on these groups are considered to have excellent possibilities. A major exploration program is planned for next season.

AIRBORNE E.M. SURVEY

After extensive detailed research an area was selected and an airborne E.M. survey was undertaken during July and August. The unit is helicopter-borne specially designed by Seigel Associates Limited for use in mountainous areas.

Four groups totalling 110 mineral claims were staked to cover significant electro-magnetic anomalies in the Smithers area. Drill targets were selected after ground Turam surveys had pinpointed the conductors at topping 70 to 100 feet below surface. A drill program, using an x-ray machine commenced testing the anomalies in mid October. Although a favourable porphyry formation was encountered beneath the 20 foot overburden, the drill, due to broken ground, was unable to penetrate deep enough to test the anomaly. A more intensive exploration program is planned to test these anomalies next season.

AIRBORNE URANIUM SURVEY

Pyramid Mining Co. Ltd. jointly with Spectroair Explorations Ltd. have completed an airborne uranium survey in the Northwest Territories using a helicopter equipped with a gamma ray spectrometer. Analysis of the results are still in progress.

Airborne radiometric surveys were also completed in three areas of British Columbia. Although some radioactivity was noted the sources were proven to be in the main either potassium or thorium.

MOLLY GIBSON SILVER LTD.

A new company has been formed for the further development of the Molly Gibson Mine at Nelson, B.C. The 'vendors' interest of 25% was allocated to Cominco Ltd. and Homestake Silver Ltd. on a 40/60 basis respectively, Cominco Ltd. having the optional right to maintain its interest through participating in any future financing pro rata its shareholdings. Pyramid Mining Co. Ltd., by agreement with Homestake Silver Ltd., will participate in the further development of the property. The financing group, by spending an additional \$1,000,000 on development, can acquire a total 75% interest in the new company, Homestake Silver Ltd. to retain a non-assessable 25% interest.

Exploration programs at the mine this season have exposed on the 5,800 level five ore zones totalling 300 feet in length for an average width of 3.27 feet. The average grade is 10.47 oz. silver, 2.76% lead and 3.67% zinc.

The vertical continuity of the number five ore zone has been partially tested by a short inclined raise. A bulk sample has been shipped for metallurgical testing.

Operations at the property have been suspended for the winter months during which time the laboratory research will be completed.

Respectfully submitted,



Vancouver, B. C.
November 17, 1967

Henry L. Hill, P.Eng.
Managing Director



PYRAMID MINING COMPANY LTD. (n.p.l.)

TO: The Shareholders
PYRAMID MINING CO. LTD. (N.P.L.)

Enclosed herewith are the following documents:-

- (a) Notice reconvening the Extraordinary General Meeting of Shareholders which was called for the 6th day of June, 1966, and adjourned to the 20th day of July, 1966, and
- (b) Notice of Annual General Meeting of Shareholders to be held immediately following the Extraordinary General Meeting.

At the Extraordinary General Meeting held on June 6th, 1966, I stated that your Directors recommended that the Meeting adjourn until July 20th, 1966, and that consideration of the proposed resolution for winding up the Company be postponed until that date in order that the shareholders might be given an opportunity to consider an alternative plan for the distribution to shareholders of the Company's shareholdings in Pine Point Mines Limited. In addition to the usual matters to be considered at the Annual General Meeting of Shareholders, you will be asked to consider certain additional proposals set out in the Notice calling that Meeting which are designed to enable the Company to put the alternative plan into effect. This plan is described in detail below.

The Financial Statements of the Company for the periods ending January 31st, 1966, and June 15th, 1966, accompany this report. A comparison of the two Financial Statements will indicate to you the marked improvement of your Company's financial position between the said dates.

In June, 1965, your Company commenced locating mineral claims in the Northwest Territories and immediately thereafter, embarked on a fullscale exploration and development program. In the month of October, 1965, the first hole was drilled on Pyramid Ore Body No. 1, and the core, when assayed, indicated a body of massive sulphides.

In rapid succession thereafter, a drilling program was laid out, site preparations for a mill were undertaken, feasibility studies were embarked upon, plans were laid for senior financing and all other preparations were made for the purpose of bringing the properties into production and marketing the concentrates. It is now past history that an offer was made by Pine Point Mines Limited respecting the mineral claims in the Northwest Territories and the sale was completed on the 15th day of June, 1966.

As I stated at the Extraordinary General Meeting on June 6th, 1966, your Directors have consulted with various independent advisors as to the best method for carrying out the distribution of Pine Point stock to the shareholders. I should say, at the outset, that your Directors are unanimous in their view that the Pine Point stock should be distributed to our shareholders as soon as possible and their considerations have been entirely directed to the best method for accomplishing this.

As I stated on June 6th last, the alternative to winding up your Company would be the authorization of redeemable preferred shares, the declaration of preferred stock dividends and the distribution to our shareholders of the Pine Point shares by way of a reduction of the Company's then outstanding preferred share capital, or otherwise redeeming the preferred shares. If the shareholders see fit to adopt this alternative plan, your Directors propose to declare, in the near future, a stock dividend in preferred shares of a value equal to one-half of the Company's holdings of Pine Point stock, and promptly thereafter, to reduce the Company's capital by the cancellation of the preferred shares then outstanding and the distribution of one-half of the Pine Point stock.

Early next year a further stock dividend of preferred shares is proposed to be declared of a value equivalent to the balance of the Pine Point stock and the Company will again reduce its capital by the amount of the preferred shares so issued and the distribution of the said balance of Pine Point stock. Any dividends received from Pine Point in the meantime will be passed on to our shareholders either by way of an ordinary dividend of the Company or upon the second reduction of capital, and in fact, dividends received from Pine Point on June 30th, 1966, have already been passed on to our shareholders.

In your Directors' opinion, this method of distribution is preferable to winding up in the manner proposed in my letter to you of May 20th, 1966, for the following reasons:-

- (1) by following the alternative plan, it will not be necessary to incorporate a new exploration company as originally proposed, and the expense of transferring the Company's remaining assets to such a company will be avoided;
- (2) after distribution, under the alternative plan, your Company will continue to participate in the mining business under its present name and it is expected that its shares will continue to be listed on the Vancouver and Toronto Stock Exchanges, thus ensuring the liquidity of your Company's shares;
- (3) your Company has been advised by its legal counsel that if the plan to wind up your Company as originally proposed is followed, it may take at least six months and perhaps a year to obtain the clearances necessary to enable the Company to distribute its assets. By following the alternative stock dividend route, it should be possible to distribute one-half of the Pine Point shares in the near future and to distribute the balance of the Pine Point shares early next year.

Your Directors have been advised by the Company's accountants and legal counsel that after passing on to our shareholders the dividend received from Pine Point on June 30th, 1966, the Company will have no undistributed income on hand. Whether or not the Company will have any undistributed income on hand at the time of any particular stock dividend will depend upon the Company's future income.

With respect to the future plans for the Company, an exploration program is presently in progress under the direction of our Managing Director, Mr. Henry L. Hill. Your Company has on its staff a qualified geologist who is presently engaged in examining and investigating a number of interesting properties, and options have been obtained on two of such properties. Also in the plans of the Company for the future is an airborne electromagnetic survey of a number of areas in the Province of British Columbia utilizing an improved method devised by Doctor H. O. Seigel, who was your Company's Consulting Geophysicist at Pine Point. Your Directors consider that your Company has an extremely able and competent staff to carry out its exploration program.

From the above it no doubt is apparent to you, as shareholders, that in order to continue the exploration program of our Company, it will be necessary to have sufficient funds on hand to meet exploration costs, and for this reason your Directors do not propose to distribute assets other than the Pine Point shares and any dividends received thereon. Furthermore, in order to maintain the Company listings on the Vancouver and Toronto Stock Exchanges, it will be necessary for our Company to have sufficient assets on hand to comply with Exchange requirements.

For the above reasons, your Directors recommend:-

- (1) that at the reconvening of the adjourned Extraordinary General Meeting on July 20th, 1966, the shareholders vote against the proposed resolution to wind up the Company, and

- (2) at the Annual General Meeting immediately following, the shareholders approve the proposed resolutions required to enable the Company to carry out the alternative plan for distribution.

ON BEHALF OF THE BOARD

"A. H. Lenec"

President

July 4th, 1966
Vancouver British Columbia

PYRAMID MINING CO. LTD. (N.P.L.)

Vancouver, British Columbia

NOTICE OF ADJOURNED EXTRAORDINARY GENERAL
MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the shareholders of Pyramid Mining Co. Ltd. (N.P.L.) which was called to be held on the 6th day of June, 1966, and which was adjourned thereat to the 20th day of July, 1966, will be held on Wednesday, the 20th day of July, 1966, at the hour of ten o'clock in the forenoon (Vancouver Time) in the York Room of the Georgia Hotel, 801 West Georgia Street, Vancouver, British Columbia, for the purpose of considering the business left unfinished at the meeting held the said 6th day of June, 1966.

DATED at Vancouver, British Columbia, this 4th day of July, 1966.

BY ORDER OF THE BOARD

"G. A. Armstrong"

Secretary-Treasurer

PYRAMID MINING CO. LTD. (N.P.L.)

Vancouver, British Columbia

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Pyramid Mining Co. Ltd. (N.P.L.) will be held in the York Room of the Georgia Hotel, 801 West Georgia Street, Vancouver, British Columbia, immediately following the adjournment of the Adjourned Extraordinary General Meeting of the Shareholders of the Company to be held at that place on Wednesday, the 20th day of July, 1966, at the hour of ten o'clock in the forenoon (Vancouver Time) for the following purposes:-

1. To receive and consider the report of the Directors, the accounts and balance sheets and the Auditors' report for the year ended January 31st, 1966, and for the period ended June 15th, 1966.
2. To elect Directors for the ensuing year.
3. To appoint Auditors to hold office until the next Annual General Meeting and to fix or authorize the Directors to fix their remuneration.
4. To confer a general authority to take or acquire by purchase or otherwise any shares in any other corporation, which authority shall expire at the next General Meeting of the Company unless it is continued by ordinary resolution passed thereat.

5. To transact such other business as may properly come before the meeting.
6. To transact the following further business:

To consider and, if thought advisable, to pass as a special resolution with or without amendment the following resolution:

"RESOLVED AS A SPECIAL RESOLUTION THAT:

A. The capital of the Company be increased to provide for an authorized capital of \$60,000,000.00 divided into 120,000,000 6% Redeemable Preferred Shares with a nominal or par value of \$.50 each.

B. In compliance with subsection 2 of Section 25 of the "Companies Act", there be attached to the said 6% Redeemable Preferred Shares, the special rights and restrictions referred to in Clause F of this resolution.

C. Clause 5 of the Memorandum of Association of the Company be deleted and the following be substituted therefor:

'5. The authorized capital of the Company is Sixty Million (\$60,000,000.00) Dollars divided into One Hundred and Twenty Million (120,000,000) 6% Redeemable Preferred Shares with a nominal or par value of Fifty (\$.50) Cents each.'

D. Clause 6 of the Memorandum of Association of the Company be deleted and the following be substituted therefor:

'6. The Company is also authorized to issue Three Million (3,000,000) Shares without nominal or par value, and the capital of the Company shall, with respect to those shares, be at least equal to the aggregate amount paid to the Company on or for such of those shares as are issued, together with such amounts as may from time to time be added by ordinary resolution to such capital.'

E. There be added as Clause 7 of the Memorandum of Association of the Company the following:

'7. The maximum price or consideration at or for which the shares without nominal or par value may be sold is Twenty (\$20.00) Dollars.'

F. There be added as Clause 8 of the Memorandum of Association of the Company the following:

'8. The 6% Redeemable Preferred Shares shall carry and be subject to the following special provisions, rights, priorities, restrictions, limitations and conditions:

- (a) The holders of the 6% Redeemable Preferred Shares shall be entitled to receive when and as declared by the Directors of the Company dividends thereon payable in lawful money of Canada, at the annual dividend rate of six per cent (6%) of the capital paid up or treated as paid up on each share and no more, payable at such times as the Directors of the Company shall determine. Such dividends shall not be cumulative. Nothing in this Clause 8 shall prohibit or be deemed to prohibit the declaration and payment of any dividend at any time on any shares of any other class in the capital of the Company.
- (b) The Company may at any time without notice to the holders thereof out of any profits, moneys or assets of the Company which may lawfully be applied for that purpose redeem at Fifty (\$.50) Cents per share the 6% Redeemable Preferred Shares if fully paid up or treated as paid up, and if not fully paid up, the amount of capital then paid up or treated as paid up on each such share.

- (c) Redemptions of the 6% Redeemable Preferred Shares may be effected:
 - (i) by purchase in the market or by tender or by private contract at any price not exceeding the amount paid up or treated as paid up thereon,
 - (ii) by drawings as hereinafter mentioned,
 - (iii) by reduction of capital pursuant to the provisions of the "Companies Act", or
 - (iv) in such other lawful manner as the Directors of the Company shall determine.
- (d) Any drawing required hereunder shall be made by one of the Company's officers at its registered office in the presence of a representative of the Company's Auditors and such drawing shall be made in such manner as the Directors shall (subject to the approval of the Auditors) determine as convenient and fair for selecting the number of the said 6% Redeemable Preferred Shares required to be drawn.
- (e) In the event of any liquidation, dissolution or winding up of the affairs of the Company or any distribution or reduction of its capital, then before any distribution shall be made upon any shares of any other class in the capital of the Company, the holders of the 6% Redeemable Preferred Shares shall be entitled to be paid if such shares are fully paid up or treated as paid up, the sum of Fifty (\$.50) Cents per share and if not fully paid up or treated as paid up, the amount of capital then paid up, on each such share plus dividends declared and unpaid thereon, if any, but the holders of such 6% Redeemable Preferred Shares shall not be entitled to any further participation in any such distribution.

- (f) Any redemption of the 6% Redeemable Preferred Shares or any distribution made thereon or any reduction of capital in respect thereof pursuant to the provisions of this Clause 8 or otherwise may be made or effected wholly or partly by the distribution of specific assets of the Company and in particular of paid up shares, bonds or debentures of any other corporation or in any one or more of such ways and where any difficulty arises in making or effecting such distribution, the Directors of the Company or the holders of the shares without nominal or par value in the capital of the Company by resolution may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any holder of the 6% Redeemable Preferred Shares upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such cash or specific assets in a trustee or trustees upon such trusts for sale or otherwise for the persons entitled as may seem to them expedient.
- (g) The 6% Redeemable Preferred Shares shall not confer on the holders thereof the right to notice of or to attend or vote either in person or by proxy at any time at any general meeting of the Company.
- (h) The special provisions, rights, priorities, restrictions, limitations and conditions attached to the 6% Redeemable Preferred Shares may be modified, abrogated, varied or dealt with and the capital paid up or treated as paid up thereon may be reduced by special resolution passed by the holders of the shares without nominal or par value in the capital of the Company without any concurrence, consent or resolution of the holders of the 6% Redeemable Preferred Shares.

G. The Articles of Association of the Company be amended:

'(a) By adding as paragraph 29 of the filed Articles of Association of the Company:

"29. The following clause shall be added to the Articles as Clause 109 thereof:

'109. The Company may from time to time by special resolution reduce its capital by paying off capital or cancelling capital that has been lost or is unrepresented by available assets, or in any other way that may seem expedient and any such reduction may be effected by the distribution of specific assets of the Company and in particular of paid up shares, bonds or debentures of any other corporation or in any one or more of such ways and the Directors shall give effect to such direction, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments may be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such cash or specific assets in a trustee or trustees upon such trusts for sale or otherwise for the persons entitled as may seem expedient to the Directors. Subject to any special rights and restrictions attaching to any particular class of shares in the capital of the Company, a special resolution passed by the holders of the shares without nominal or par value in the capital of the Company shall be entitled to reduce

the capital paid up or treated as paid up on any shares in the capital of the Company of any other class without the consent or concurrence or resolution passed by the holders of the shares of such other class.'"

(b) By adding as paragraph 30 of the filed Articles of Association of the Company:

"30. The following clause shall be added to the Articles as Clause 110 thereof:

'110. The Directors may resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, the profit and loss accounts or surplus accounts or otherwise available for distribution, and accordingly, that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other.'"

(c) By adding as paragraph 31 of the filed Articles of Association of the Company:

'31. The following clause shall be added to the Articles as Clause 111 thereof:

'111. Whenever such a resolution as referred to in the preceding Article is passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalized thereby, and all allotments and

issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make provision by payment in cash or otherwise as they think fit in cases where shares or debentures become distributable in fractions, and also may authorize any person to enter into an agreement with the Company on behalf of all the members entitled thereto providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or, as the case may require, for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the amounts resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members."

DATED at Vancouver, British Columbia, this 4th day of
July, 1966.

BY ORDER OF THE BOARD

"G. A. Armstrong"

Secretary Treasurer

If you cannot be present at the above meeting, please sign and return the accompanying proxy.

PYRAMID MINING CO. LTD. (N.P.L.)

FINANCIAL STATEMENTS

AS AT JANUARY 31, 1966

LIVERANT, YIP & CO.

CHARTERED ACCOUNTANTS

SUITE 202 INSURANCE EXCHANGE BLDG.

845 WEST PENDER STREET

VANCOUVER 1, B.C. CANADA

LIVERANT, YIP & CO.

Chartered Accountants

ROBERT LIVERANT, B.A.
WEI W. YIP, B.S.A.

SUITE 202 INSURANCE EXCHANGE BLDG.
845 WEST PENDER STREET
VANCOUVER 1, B.C.

TELEPHONE 682-7141

AUDITORS' REPORT

To the Shareholders,
Pyramid Mining Co. Ltd. (N.P.L.).

We have examined the Balance Sheet of Pyramid Mining Co. Ltd. (N.P.L.) as at January 31, 1966. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet presents fairly the financial position of the Company as at January 31, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Liverant, Yip & Co.
Chartered Accountants

Vancouver, B. C.
June 30, 1966

PYRAMID MINING CO. LTD. (N.P.L.)

BALANCE SHEET

AS AT JANUARY 31, 1966

ASSETS

Current

Bank

\$ 297,502

Accounts Receivable

9,258 \$

306,760

Fixed - At Cost

Equipment, Buildings and Leasehold
Improvements

218,460

Mining Properties - (Note 1)

At Cost Plus Exploration and Development
and Administration Expense

816,332

\$ 1,341,556

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts Payable and Accruals

\$ 223,280

Shareholders' Equity

Share Capital - (Note 2)

Authorized:

3,000,000 Shares of No Par Value

Issued and Fully Paid:

2,161,852 Shares of No Par Value

1,118,272

\$ 1,341,556

APPROVED ON BEHALF OF THE BOARD:

[Signature] Director

[Signature] Director

This is the Balance Sheet Referred to
in our Report Dated June 30, 1966.

Liverant, Yip & Co

PYRAMID MINING CO. LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

AS AT JANUARY 31, 1966

These notes are an integral part of the Financial Statements and should be read in conjunction therewith.

Note 1. We have not verified title to mineral claims directly with the Government Registry Office. We have received confirmation from the Solicitor of the Company that all claims recorded in the accounts of the Company are in good standing and are recorded in the name of the Company.

Note 2. Outstanding Share Options

Conwest Exploration Co. Ltd. and Melita Investments Ltd. were granted the following Options:

100,000 Shares at \$3.00 per Share
100,000 Shares at \$3.75 per Share
100,000 Shares at \$4.50 per Share
100,000 Shares at \$5.50 per Share
100,000 Shares at \$6.50 per Share

Subsequent to the date of the Balance Sheet, the above options have been exercised.

On October 14, 1965 a total of 50,000 Shares were allotted to the Managing Director at \$3.00 per share pursuant to an Option previously given. At January 31, 1966, 10,000 of these shares had been issued and the remaining 40,000 shares were subsequently issued.

Officers - On November 17, 1965, the President and Secretary-Treasurer were granted options to purchase 100,000 common shares at \$20.00 per share. Subsequent to the date of the Balance Sheet, these options have been cancelled.

PYRAMID MINING CO. LTD. (N.P.L.)

FINANCIAL STATEMENTS

AS AT JUNE 15, 1966

LIVERANT, YIP & CO.

CHARTERED ACCOUNTANTS

SUITE 202 INSURANCE EXCHANGE BLDG.

845 WEST PENDER STREET

VANCOUVER 1, B.C. CANADA

LIVERANT, YIP & CO.

Chartered Accountants

SUITE 202 INSURANCE EXCHANGE BLDG.

845 WEST PENDER STREET

VANCOUVER 1, B.C.

TELEPHONE 682-7141

ROBERT LIVERANT, B.A.

WEI W. YIP, B.S.A.

AUDITORS' REPORT

To the Shareholders,
Pyramid Mining Co. Ltd. (N.P.L.).

We have examined the Balance Sheet and Surplus Statement of Pyramid Mining Co. Ltd. (N.P.L.) as at June 15, 1966. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and Surplus Statement present fairly the financial position of the Company as at June 15, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Liverant Yip & Co.
Chartered Accountants

Vancouver, B. C.
June 30, 1966.

PYRAMID MINING CO. LTD. (N.P.L.)

BALANCE SHEET

AS AT JUNE 15, 1966

ASSETS

Current

Bank	\$ 74,118	
Short Term Bank Deposit	1,500,000	
Accounts Receivable	14,925	
Common Shares of Pine Point Mines Limited		
- (Note 1) 526,400 Shares Valued at		
Market Price on June 15, 1966 of		
\$63.00 per Share	<u>33,163,200</u>	\$ 34,752,243

Fixed

Equipment, Buildings and Leasehold		
Improvements - At Cost Less Amounts		
Written Off to Fair Value		100,000

Mining Properties Other Than Pine Point - (Note 2)

At Cost Plus Development Expenses	<u>204,895</u>	
		\$ 35,057,138

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts Payable and Accruals		\$ 120,413
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Shareholders' Equity

Share Capital -		
Authorized:		
3,000,000 Shares of No Par Value		
Issued and Fully Paid:		
2,631,852 Shares of No Par Value	\$ 3,638,271	
Surplus - per Attached Statement	<u>31,298,454</u>	<u>34,936,725</u>
		\$ 35,057,138

APPROVED ON BEHALF OF THE BOARD:

W. H. ... Director
W. H. ... Director

This is the Balance Sheet Referred to
in our Report Dated June 30, 1966.

Liverant, Yip & Co.
LIVERANT, YIP & CO.
CHARTERED ACCOUNTANTS

PYRAMID MINING CO. LTD. (N.P.L.)

SURPLUS STATEMENT

AS AT JUNE 15, 1966

Proceeds of Sale of Pine Point Properties -

526,400 Common Shares of Pine Point
Mines Limited Valued at Market Price
on June 15, 1966 of \$63.00 per Share \$ 33,163,200

Cost of Pine Point Mineral Claims and Buildings
Sold, Preproduction and Development
Expense \$ 1,457,542

Write Off on Equipment 153,010 1,610,552
31,552,648

Administration and General Expense Since
Incorporation on January 23, 1964 254,194

Surplus at June 15, 1966 - To Balance Sheet \$ 31,298,454

PYRAMID MINING CO. LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 15, 1966

These notes are an integral part of the Financial Statements and should be read in conjunction therewith.

- Note 1. Pine Point Mines Limited on June 8, 1966 declared a cash dividend of \$3.00 per share on stock of record on June 17, 1966 payable on June 30, 1966. This dividend in the amount of \$1,579,200 has been included in "Income" after June 15, 1966.
- Note 2. We have not verified title to mineral claims directly with the Government Registry Office. We have received confirmation from the solicitor of the Company that all claims recorded in the accounts of the Company are in good standing and are recorded in the name of the Company.

